

The Sealift Program is composed of:

Tankers

Dry Cargo Ships

Large, Medium-Speed, Roll-On/Roll-Off Ships

Fast Sealift Ships

Ready Reserve Force

Sealift

ilitary Sealift Command's Sealift Program provides high-quality, efficient and cost-effective ocean transportation for the Department of Defense and other federal agencies during peacetime and war. More than 90 percent of U.S. war fighters' equipment and supplies travels by sea. The program manages a mix of government-owned and long-term-chartered dry cargo ships and tankers, as well as additional short-term or voyage-chartered ships. By DOD policy, MSC must first look to the U.S.-flagged market to meet its sealift requirements. Government-owned ships are used only when suitable U.S.-flagged commercial ships are unavailable.





Tankers

MSC owns four Champion-class T-5 tankers that transport refined petroleum products for DOD. The tankers move fuel between commercial refineries and DOD storage and distribution facilities worldwide for the Defense Energy Support Center, which procures and manages fuel for all of DOD. Built in 1985, the ships have double hulls, specially constructed refueling-at-sea platforms and ice strengthening for polar missions. The tankers perform unique missions, such as refueling the National Science Foundation's McMurdo Station in Antarctica and the U.S. Air Force early



warning station at Thule Air Base, Greenland. The ships are crewed by commercial mariners working for companies under contract to MSC.

Approximately 80 percent of all fuel transported by sea for DOD is carried by MSC's T-5 tankers and one small, shallow-draft, U.S.-flagged tanker chartered by MSC. The MSC-chartered tanker operates as a shuttle between Korea and Japan.



In 2007, MSC awarded a contract to replace its government-owned T-5 tankers, which are expected to reach the end of their service lives in 2010. Two new chartered tankers, expected to be delivered in 2010 and 2011, will replace the T-5 tankers.

When more fuel-carrying capacity is required, MSC charters additional tankers directly from the commercial market on a short-term basis. This gives MSC the flexibility to meet rapidly changing military requirements with the lowest possible cost.

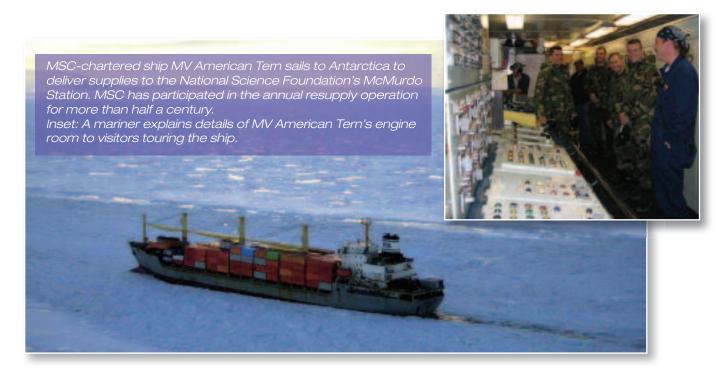
MSC coordinates fuel lift requirements with the Defense Energy Support Center, ensuring efficient and cost-effective transportation of more than 1.5 billion gallons of fuel annually.

Dry Cargo Ships

Nearly all peacetime DOD cargo is carried by U.S.-flagged commercial ships. But during wartime or other contingencies, MSC has the flexibility to charter ships to move cargo as needed.

MSC can expand beyond this commercial capability by activating ships from its government-owned surge fleet, including Ready Reserve Force ships from the U.S. Department of Transportation's Maritime Administration.





Most DOD cargo is transported in containers aboard regularly scheduled U.S. commercial liners coordinated by the U.S. Army's Surface Deployment and Distribution Command.

MSC's dry cargo ships carry items that are too large to fit in containers, such as engineering and construction equipment, military vehicles, aircraft and ammunition. MSC's responsibility is to ensure that its

cargo ships are loaded to capacity whenever possible, moving the maximum amount of cargo at the lowest possible cost. MSC looks for opportunities to combine missions, thus splitting costs among mission sponsors.

While MSC's dry cargo ships continue to deploy and redeploy large volumes of equipment used by U.S. forces for Operations Iraqi Freedom and Enduring Freedom, the ships also carry supplies and equip-

ment for various worldwide exercises.

MSC's Sealift Program has taken the lead on several unique defense transportation missions, including the float-on/float-off transport of two Navy mine countermeasures ships from Ingleside, Texas, to Bahrain. MSC sealift experts also chartered three passenger vessels to rescue nearly 6,700 Americans from the Lebanese coast in 2006. The Sealift Program arranges for the delivery of humanitarian relief supplies and equipment as directed by the U.S. Transportation Command and transports Department of Energy material and fuel needed to resupply and refuel the U.S. Navy's nuclear submarines.





Large, Medium-Speed, Roll-On/Roll-Off Ships

A robust and responsive surge sealift fleet is critical to the national security strategy. The ability to quickly move U.S. forces and military equipment enables the United States to defend and promote vital interests anywhere in the world. A key part of MSC's surge sealift fleet includes 11 government-owned, contractor-operated LMSRs that support the U.S. military in times of peace or war.

Each LMSR is capable of lifting more than 300,000 square feet of cargo and can travel at up to 24 knots. Each ship is capable of carrying the equipment requirements of an Army air assault or armored battalion of 1,000 soldiers.

LMSRs are ideal for carrying heavy armored vehicles and equipment used by the U.S. military. Each LMSR has a slewing stern ramp and a movable ramp that services two side ports, making it easy to drive vehicles on and off the ship. Interior ramps between the decks ease the traffic flow once rolling cargo is loaded aboard ship. Cargo can also be loaded onto LMSRs by shipboard cranes. In addition, the ships are capable of off-loading cargo onto floating barges, or lighterage, while in ports that have been damaged or do not possess cargo cranes.

The LMSRs are ordinarily kept pierside in reduced operating status, with small crews aboard to maintain the ships in the highest state of readiness, capable of being fully activated, crewed and ready to depart their U.S. layberths in four days.

Fast Sealift Ships



MSC's surge sealift assets also include eight fast sealift ships, which were converted from what were formerly the largest and fastest container ships in the U.S.-flagged commercial fleet. All of the FSS, like LMSRs, are governmentowned, and are operated by private companies under contract to MSC. Throughout their tenure with MSC, the FSS, like LMSRs, have ordinarily been kept pierside in reduced operating status with only small crews aboard. When needed. the FSS, each with a cargo-car-

rying capacity of 150,000 square feet, could be fully activated and crewed within four days. Together, the eight FSS can carry all the equipment needed to outfit a 15,000-member Army mechanized division. In 2007, the FSS began transferring to the Maritime Administration.

The Ready Reserve Force

With a shrinking U.S. merchant fleet, the importance of ready and available surge vessels increases each year. More than 40 Ready Reserve Force ships owned and maintained by the Maritime Administration provide a resource to offset the shortage of militarily useful U.S.-flagged ships.

The RRF consists of roll-on/roll-off ships, tankers, crane ships and breakbulk ships that carry cargo not able to be carried in containers. Maintained in four-, five-, 10- or 20-day readiness status,

these ships are activated when needed, fully crewed and placed under the operational control of MSC in support of U.S. wartime, humanitarian and disaster-relief operations.

RRF ships are also used for military exercises. Most of the RRF's roll-on/roll-off ships are maintained in a five-day readiness status, each with a nine-person crew aboard. RRF ships are maintained by MARAD at ports around the U.S. East, Gulf and West coasts in close proximity to potential military loading sites.



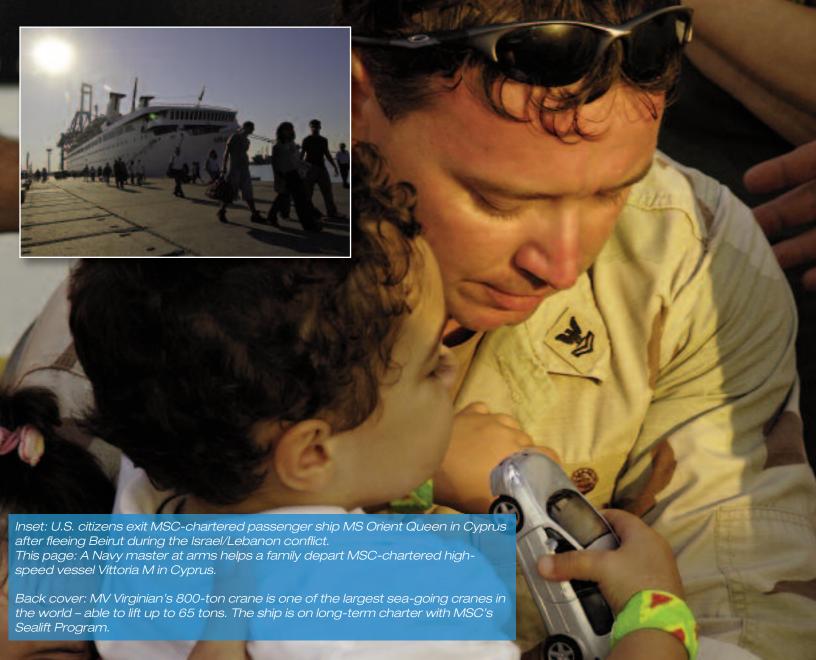


Voluntary Intermodal Sealift Agreement

In order to ensure access to commercial shipping during a national emergency, the DOD and the Maritime Administration established a unique partnership with the U.S maritime industry. The Voluntary Intermodal Sealift Agreement makes it possible to use ships and shore-based transportation resources of U.S. ocean shipping companies when crises occur. These companies, in turn, receive a subsidy from the federal government or are awarded contracts for peacetime defense cargo movement. During a crisis, as needed, these ships would be placed under the operational control of MSC. Because of this agreement, U.S. commercial transportation companies are an integral part of the military contingency planning process.

Sealift Ships: Keeping U.S. War Fighters Combat Ready

As the U.S. military continues to meet its global challenges in years to come, the ships of MSC's Sealift Program, both government-owned and chartered, will continue to provide efficient, effective, reliable transportation to DOD and other U.S. government agencies. Throughout the global war on terrorism, MSC's impressive sealift ships have kept the supply lines flowing continuously to keep the nation's deployed forces combat ready. Whether in wartime or peacetime, MSC's sea transportation team delivers.



MSC delivers



